

**ROBINSON TOWNSHIP  
OTTAWA COUNTY, MICHIGAN  
ANNUAL FINANCIAL REPORT  
YEAR ENDED MARCH 31, 2008**

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Zeeland, Michigan**

**Robinson Township, Michigan  
ANNUAL FINANCIAL REPORT  
Year Ended March 31, 2008**

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## **INDEPENDENT AUDITOR'S REPORT**

August 25, 2008

Township Board  
Robinson Township, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of Robinson Township, Michigan, as of and for the year ended March 31, 2008, which collectively comprise the township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Robinson Township, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Robinson Township, Michigan, as of March 31, 2008 and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2008, on our consideration of Robinson Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information, as identified in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

*Kiekover, Scholma & Shumaker, PC*

## Management's Discussion and Analysis

As management of Robinson Township, Michigan, we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended March 31, 2008. We encourage readers to consider the information presented here in conjunction with the Township's financial statements that follow this section.

### Financial Highlights

- The assets of Robinson Township exceeded its liabilities at the close of the most recent fiscal year by \$2,517,500 (*net assets*). Of this amount, \$692,416 (*unrestricted net assets*) may be used to meet the Township's ongoing obligations to citizens and creditors.
- The Township's total net assets increased by \$196,371. This is reflected in a net decrease in restricted net assets of \$97,070, while unrestricted net assets increased by \$138,803 and capital assets, net of related debt increased by \$154,638.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$1,079,965, an increase of \$46,291 in comparison with the prior year. Approximately 58.7% of this total amount, \$634,424, is *available for spending* at the Township's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$634,424 or 88.7% of total general fund expenditures.
- The Township's total debt decreased by \$20,727 (28.2%) during the current fiscal year. This is the result of the Township making its required scheduled contractual obligation water system payments to Grand Haven Charter Township.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements are comprised of three components (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The *statement of activities* presents information showing how the Township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected state shared revenues, franchise fees and accrued interest payable).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Township include general government, public safety, public works, community and economic development, and recreation and culture. The Township has no business-type activities.

The government-wide financial statements can be found on pages 1-2 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into three categories, governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Following the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances, reconciliations are provided to facilitate this comparison between *governmental funds* and *governmental activities*.

The Township maintains three (3) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Fire Operating Fund, and FEMA Mitigation Grants Fund, all of which are considered to be major funds.

The Township adopts an annual appropriated budget for its General Fund, Fire Operating Fund, and FEMA Mitigation Grants Fund. Budgetary comparison schedules have been provided herein to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 3-5 of this report.

**Proprietary funds.** Proprietary funds are used to report *business-type activities*. The Township has no business-type activities and therefore no proprietary funds.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The Township has no fiduciary funds.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 6-14 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* presenting the budgetary comparisons for the Township's General Fund, Fire Operating Fund and FEMA Mitigation Grants Fund found on pages 15-18 of this report.

### Government-wide Financial Analysis

**Net Assets** - As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Robinson Township, assets exceeded liabilities by \$2,517,500 at the close of the most recent fiscal year.

The largest portion of the Township's net assets (54.8%) reflects its investment in capital assets (e.g., land, buildings, vehicles, equipment, water and sewer systems and infrastructure); less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Township's net assets (17.7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$692,416) may be used to meet the Township's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Township is able to report positive balances in all three categories of net assets.

The following table shows, in a condensed format, the net assets of Robinson Township as of March 31, 2008 and 2007.

**TABLE 1 - Robinson Township's Net Assets**

	Governmental Activities	
	2008	2007
Current and other assets	\$ 1,184,968	\$ 1,474,260
Capital assets	1,432,199	1,298,288
Total assets	2,617,167	2,772,548
Long-term debt outstanding	52,655	73,382
Other liabilities	47,012	378,037
Total liabilities	99,667	451,419
Net assets:		
Invested in capital assets, net of related debt	1,379,544	1,224,906
Restricted	445,540	542,610
Unrestricted	692,416	553,613
Total net assets	\$ 2,517,500	\$ 2,321,129

**Change in Net Assets** – As shown in Table 2 (changes in net assets) the Township's total revenues were approximately \$1,749,000 for the current year, of which 31.2% was obtained from property taxes. Charges for services accounted for another 7.4% of the total, State shared revenues 22.3 %, operating grants and contributions 36.8%, and capital grants and contributions another .3%. The balance of the Township's revenues was primarily derived from interest earnings and other sources. The total cost of all programs and services for the year ended March 31, 2008 was approximately \$1,553,000. Township expenses cover a wide range of services. For the current fiscal year, about 24.4% of the Township's expenses related to general government services, 59.6% related to public safety, 9.1% related to public works, 3.4% related to community and economic development, and 3.3% recreation and culture.

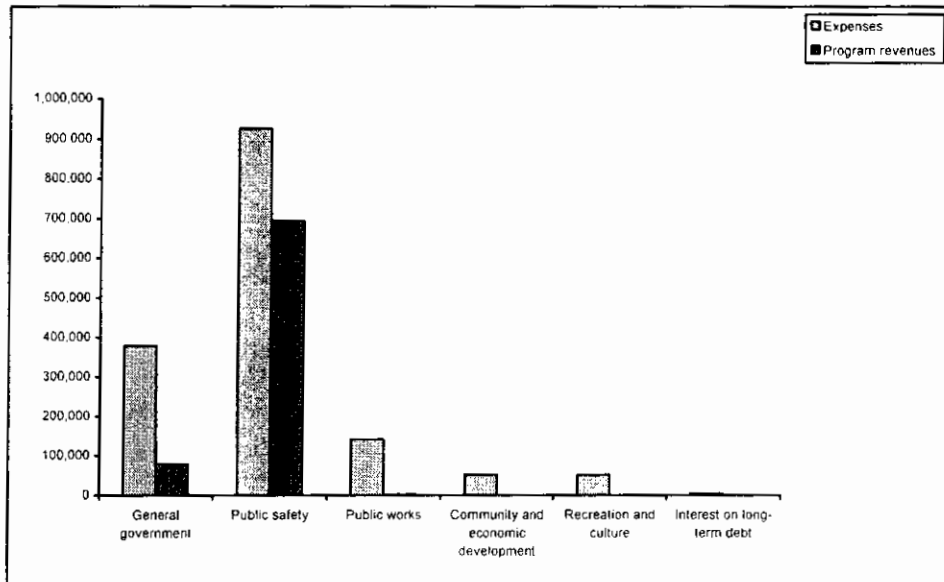
Net assets increased by \$196,371 for the Township's governmental activities.

The following analysis highlights the changes in net assets for the years ended March 31, 2008 and 2007.

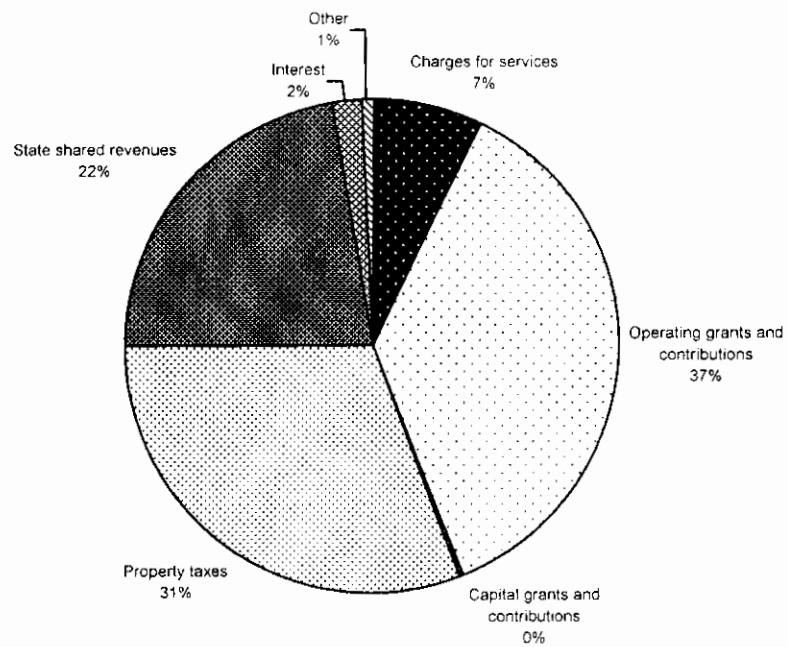
**TABLE 2 - Robinson Township's Changes in Net Assets**

	Governmental Activities	
	2008	2007
Program revenues		
Charges for services	\$ 128,647	\$ 117,932
Operating grants and contributions	643,033	472,124
Capital grants and contributions	4,401	34,925
General revenues		
Property taxes	546,149	513,476
State shared revenues	390,565	391,245
Interest	33,877	40,793
(Loss) on sale of capital assets	(11,643)	-
Other	14,101	27,082
Total revenues	<u>1,749,130</u>	<u>1,597,577</u>
Program expenses		
General government	378,626	384,849
Public safety	925,593	790,417
Public works	141,579	119,234
Community and economic development	52,161	60,501
Recreation and culture	51,109	52,992
Interest on long-term debt	3,691	5,011
Total expenses	<u>1,552,759</u>	<u>1,413,004</u>
Change in Net Assets	<u>\$ 196,371</u>	<u>\$ 184,573</u>

## Expenses and Program Revenues – Governmental Activities



## Revenues by Source – Governmental Activities





## **Financial Analysis of the Township's Funds**

**Governmental Funds** - Our analysis of the Township's major funds begins on page 3, following the entity wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages, grants, contributions or capital projects. The Township's major funds for the year ended March 31, 2008 consist of the General Fund, Fire Operating Fund, and FEMA Mitigation Grants Fund.

The General Fund is the main operating fund of the Township. Total General Fund revenues and other financing sources for fiscal year 2008 increased by \$49,764 or 6.2%, to \$858,347, compared to the prior year. Property tax revenues increased by \$14,633 or 6.7%. State shared revenues increased by \$1,890 or .5%. Licenses and permits revenues increased by \$19,341 or 21.1%. All other General Fund revenue sources increased by \$13,900, the biggest portion attributable to increased grant reimbursements received by the Township during the fiscal year.

General Fund expenditures decreased in fiscal year 2008 by \$85,313 or 10.7%, to \$714,986. The most significant increase occurred in the category of Public Works due to increases in Flood Services costs. Public Safety expenditures decreased compared to the prior year due mainly to lower costs for Building Inspections and Civil Defense.

The March 31, 2008 fund balance of the General Fund is \$634,424 which is all unreserved. This is an increase of \$143,361 from the prior year. The \$634,424 unreserved fund balance is approximately 88.7% of fiscal year 2008 expenditures and operating transfers to other funds which amounted to \$714,986.

The Fire Operating Fund is used to account for special taxes levied, grants and other revenues restricted for fire department operating and capital acquisitions. Total Fire Operating Fund revenues and other sources increased by \$43,488 or 13.8% compared to the prior fiscal year. Property tax revenues increased by \$18,040 or 6.1%. Federal grants and proceeds from the sale of capital assets were \$13,585 and \$20,000, respectively, compared to \$0 in the prior year.

Fire Operating Fund expenditures increased in fiscal year 2008 by \$223,518 or 95.9%. This is mainly a result of significantly increased capital expenditures in fiscal year 2008 for the purchase of a new pumper truck.

The March 31, 2008 fund balance of the Fire Operating Fund is \$445,540 which is all reserved for fire operating purposes. This is a decrease of \$97,070 from the prior year. The \$445,540 fund balance is approximately 97.6% of fiscal year 2008 expenditures which amounted to \$456,688.

The FEMA Mitigation Grants Fund was established in fiscal year 2007 to account for grant revenues and related expenditures of FEMA Pre-Disaster Mitigation Grants received by the Township. The Township recognized \$568,372 in grant revenues during the year and expended an equal amount on acquisition of properties located in flood prone areas within the Township.

## **General Fund Budgetary Highlights**

Over the course of the year, the Township Board amended the budget to take into account events during the year. Budget amendments were made to reflect increased costs for the Township Board and Water System activities and decreased costs classified to the Election activity. Total General Fund expenditures were \$23,089 below the final budget and \$29,839 less than the original budget. The General Fund's fund balance increased by \$143,361 compared to a final budgeted increase of \$433.

## Capital Assets and Debt Administration

**Capital assets.** The Township's investment in capital assets for its governmental activities as of March 31, 2008 amounted to \$1,432,199 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, park facilities, and vehicles. The total increase in the Township's investment in capital assets for the current fiscal year was \$133,911 (10.3%) for governmental activities.

Major capital asset events during the current fiscal year included the following:

- \$6,011 expended for fire department equipment
- \$243,689 expended for fire department pumper truck
- \$20,000 proceeds from sale of pumper truck

Additional information on the Township's capital assets can be found in note 3C on page 12 of this report.

### Robinson Township's Capital Assets (net of depreciation)

	Governmental Activities	
	2008	2007
Land	\$ 165,189	\$ 165,189
Buildings and improvements	242,363	253,914
Land improvements	338,878	352,753
Machinery and equipment	151,622	171,478
Office furniture and equipment	9,900	14,995
Vehicles	524,247	339,959
Total	<u>\$ 1,432,199</u>	<u>\$ 1,298,288</u>

**Long-term debt.** At March 31, 2008, the Township had total installment debt outstanding of \$52,655.

### Robinson Township's Outstanding Debt Contractual Obligations to Grand Haven Charter Township

	Governmental Activities	
	2008	2007
1989 Contract - 144th Main	\$ 8,166	\$ 11,801
1989 Contract - Transmission System	6,363	6,790
1989 Contract - Treatment plant allocation	9,159	11,818
1989 Contract - amendment - 144th Main	28,967	42,973
Total	<u>\$ 52,655</u>	<u>\$ 73,382</u>

Total outstanding debt decreased by \$20,727 during the current year as a result of the Township making its required scheduled debt payments of \$20,727 while incurring no new debt during the year.

Additional information on the Township's long-term debt can be found in Note 3E on page 13 of this report.

### **Economic Factors and Next Year's Budgets and Rates**

The Township's budget for 2009 calls for no change in the overall property tax rate except for any reductions required by Proposal A. The state-wide tax reform act limits the growth in taxable value on any property to the lesser of inflation or 5%. Because some properties increase in value by less than inflation, the mathematical result is that the total taxable value for the Township will grow less than inflation, before considering new property additions.

The Township's General Fund budget for 2009 calls for a reduction in revenues of approximately \$100,000 compared to fiscal year 2008 actual amounts, while expenditures are budgeted to be approximately \$40,000 higher compared to the fiscal year 2008 actual amounts. This still results in an overall budgeted excess of revenues over expenditures for fiscal year 2009.

### **Requests for Information**

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have any questions regarding this report or need additional information, we welcome you to contact the Township office.

# Basic Financial Statements

Robinson Township, Michigan  
STATEMENT OF NET ASSETS  
March 31, 2008

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and investments	\$ 965,177
Receivables:	
Grants	24,639
Accounts	33,913
Special assessments	6,974
Due from other governments	126,925
Prepaid items	27,340
Capital assets	<u>1,432,199</u>
 Total Assets	 <u>2,617,167</u>
<b>LIABILITIES</b>	
Accounts payable	19,247
Accrued liabilities	2,517
Accrued payroll	2,705
Deposits	2,630
Deferred revenue	19,913
Noncurrent liabilities:	
Due within one year	22,067
Due in more than one year	<u>30,588</u>
 Total Liabilities	 <u>99,667</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	1,379,544
Restricted for fire operating	445,540
Unrestricted	<u>692,416</u>
 Total Net assets	 <u>\$ 2,517,500</u>

Robinson Township, Michigan  
STATEMENT OF ACTIVITIES  
Year Ended March 31, 2008

Function/Programs:	Expenses	Program Revenues			Net (Expense)
		Charges for	Operating	Capital	Revenue and
		Services	Grants and	Grants and	Changes in
			Contributions	Contributions	Net Assets
Primary Government:					
Governmental Activities:					
General government	\$ 378,626	\$ 78,741	\$ -	\$ -	\$ (299,885)
Public safety	925,593	47,624	643,033	4,401	(230,535)
Public works	141,579	2,282	-	-	(139,297)
Community and economic development	52,161	-	-	-	(52,161)
Recreation and culture	51,109	-	-	-	(51,109)
Interest on long-term debt	3,691	-	-	-	(3,691)
Total Governmental Activities	<u>\$ 1,552,759</u>	<u>\$ 128,647</u>	<u>\$ 643,033</u>	<u>\$ 4,401</u>	<u>(776,678)</u>
General revenues:					
Property taxes					546,149
State shared revenues					390,565
Interest					33,877
(Loss) on sale of capital assets					(11,643)
Other					<u>14,101</u>
Total General Revenues					<u>973,049</u>
Change in Net Assets					196,371
Net Assets - Beginning					<u>2,321,129</u>
Net Assets - Ending					<u>\$ 2,517,500</u>

Robinson Township, Michigan  
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended March 31, 2008

	General	Fire Operating	FEMA Mitigation Grants	Total Governmental Funds
Revenues:				
Taxes	\$ 233,363	\$ 312,786	\$ -	\$ 546,149
Licenses and permits	111,150	-	-	111,150
Federal grants	43,069	13,585	568,372	625,026
State shared revenues	391,650	-	-	391,650
Charges for services	11,277	-	-	11,277
Interest	21,115	12,762	-	33,877
Special assessments	4,199	-	-	4,199
Other	42,524	485	-	43,009
Total Revenues	<u>858,347</u>	<u>339,618</u>	<u>568,372</u>	<u>1,766,337</u>
Expenditures:				
Current:				
General government	335,200	-	-	335,200
Public safety	91,707	456,688	568,372	1,116,767
Public works	165,003	-	-	165,003
Community and economic development	52,161	-	-	52,161
Recreation and culture	38,114	-	-	38,114
Other	32,801	-	-	32,801
Total Expenditures	<u>714,986</u>	<u>456,688</u>	<u>568,372</u>	<u>1,740,046</u>
Excess of Revenues Over (Under) Expenditures	143,361	(117,070)	-	26,291
Other Financing Sources:				
Sale of capital assets	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Net Change in Fund Balances	143,361	(97,070)	-	46,291
Fund Balances - April 1	<u>491,063</u>	<u>542,610</u>	<u>1</u>	<u>1,033,674</u>
Fund Balances - March 31	<u>\$ 634,424</u>	<u>\$ 445,540</u>	<u>\$ 1</u>	<u>\$ 1,079,965</u>

Robinson Township, Michigan  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
March 31, 2008

	General	Fire Operating	FEMA Mitigation Grants	Total Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 515,561	\$ 429,702	\$ 19,914	\$ 965,177
Receivables:				
Accounts	33,913	-	-	33,913
Special assessments	6,974	-	-	6,974
Due from other governments	76,105	21,925	-	98,030
Prepaid items	27,340	-	-	27,340
 Total Assets	 <u>\$ 659,893</u>	 <u>\$ 451,627</u>	 <u>\$ 19,914</u>	 <u>\$ 1,131,434</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 13,160	\$ 6,087	\$ -	\$ 19,247
Accrued payroll	2,705	-	-	2,705
Deposits	2,630	-	-	2,630
Deferred revenue	6,974	-	19,913	26,887
 Total Liabilities	 <u>25,469</u>	 <u>6,087</u>	 <u>19,913</u>	 <u>51,469</u>
<b>FUND BALANCES</b>				
Reserved for fire operating	-	445,540	-	445,540
Unreserved - reported in:				
General Fund	634,424	-	-	634,424
Special Revenue Funds	-	-	1	1
 Total Fund Balances	 <u>634,424</u>	 <u>445,540</u>	 <u>1</u>	 <u>1,079,965</u>
 Total Liabilities and Fund Balances	 <u>\$ 659,893</u>	 <u>\$ 451,627</u>	 <u>\$ 19,914</u>	

Amount reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds:	1,432,199
Grants receivable are not available to pay for current expenditures and are therefore not reported in the funds	24,639
State shared revenues (sales taxes) collected and held by the State at year end are not considered available to pay for current year expenditures and are therefore not reported in the funds	28,895
Special assessments receivable are expected to be collected over several years and are not available to pay for current year expenditures and are therefore deferred in the funds	6,974
Interest accrued on outstanding notes payable is not reported in the funds	(2,517)
Long term liabilities are not due and payable in the current period and are therefore not reported in the funds	(52,655)
 Net Assets of Governmental Activities	 <u>\$ 2,517,500</u>



Robinson Township, Michigan  
**RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES  
 IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
 Year Ended March 31, 2008

Net change in fund balances-Total Governmental Funds	\$	46,291
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Amounts reported for the governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures; in the statement of activities these costs are allocated over their estimated useful lives as depreciation:

Current year capital outlays capitalized - general capital assets		252,780
Current year depreciation expense on capitalized assets		(87,226)

Governmental funds report the proceeds from the disposal of capital assets. In the statement of activities only the gain or loss is reported for each disposal. Therefore the change in net assets differs from the change in fund balance by the net book value of assets disposed		(31,643)
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Timing of revenue recognition differs in the statement of activities versus the funds financial statements for certain revenues that do not provide current financial resources

State shared revenues		(1,085)
Special assessment revenues		(1,916)
Franchise fees		(10,670)
Grants		8,107

Repayments of notes payable principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets		20,727
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In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due		1,006
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Change in net assets of governmental activities	\$	<u>196,371</u>
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Robinson Township, Michigan  
NOTES TO FINANCIAL STATEMENTS  
Year Ended March 31, 2008

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Robinson Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Robinson Township:

**A. Reporting Entity**

Robinson Township is governed by an elected five-member board of trustees. The accompanying financial statements present the township and its component units, entities for which the township is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the township's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government (see discussion below for description).

**Blended Component Unit.** The township has no blended component units.

**Discretely Presented Component Unit.** The township has no discretely presented component units.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the township. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities (the township has no business-type activities) which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable (the township has no legally separate component units).

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for the governmental funds. The township's three individual governmental funds, which are considered major funds, are reported as separate columns in these fund financial statements.

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Those revenues susceptible to accrual (that is, when they become both measurable and available to finance expenditures of the fiscal period) are property taxes, grants, special assessments, licenses, interest revenue, and charges for services. Other revenue is recorded when received.

The township reports the following major governmental funds:

*General Fund* - The General Fund is the township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

*Fire Operating (Special Revenue) Fund* - The Fire Operating Fund accounts for resources of special taxes levied, grants, and other revenues that are restricted for fire department operating and capital acquisitions.

*FEMA Mitigation Grants (Special Revenue) Fund* - The FEMA Mitigation Grants Fund accounts for grant revenue and related expenditures of the township's FEMA Pre-Disaster Mitigation Grants.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board.

As a general rule, the effect of the inter-fund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

When both restricted and unrestricted resources are available for use, it is the township's policy to use restricted resources first, then unrestricted resources as they are needed.

#### **D. Assets, Liabilities, and Net Assets or Equity**

##### *1. Bank Deposits and Investments.*

The township maintains separate cash accounts for each of its various funds as well maintaining a pooled cash account to facilitate the management of cash.

The township's investment policies are governed by state statutes, formal board policy, and administrative procedures. Permissible investments include obligations of the U.S. Treasury and its agencies, Michigan financial institution certificates of deposits and accounts, commercial paper with prescribed ratings, U.S. government repurchase agreements, and mutual funds and investment pools consisting of any of the above. Attorney General's Opinion No. 6168 states that public funds may not be deposited in institutions located in states other than Michigan. The township's deposits are in accordance with statutory authority.

Investments are recorded at fair value.

##### *2. Receivables and Payables.*

In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds."

All trade and property tax receivables are shown net of an allowance for uncollectible amounts.

##### *3. Inventories and Prepaid Items.*

Inventories do not consist of material amounts. The cost of inventoriable supplies has been recorded as an expenditure at the time of purchase. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

#### 4. *Capital Assets.*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the government-wide financial statements. General infrastructure assets acquired prior to April 1, 2004, are not reported in the basic financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$2,500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Included in capital assets are the township's investment in roads and drains within the township that are recorded as intangible assets (shared road improvements and flowage rights). Although paid for by the township, Michigan law makes these assets property of the County (along with the responsibility to maintain them).

Property, plant and equipment are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	10-40
Land improvements	10-30
Machinery and equipment	5-15
Office furniture and equipment	3-10
Vehicles	5-25
Roads and sidewalks	15-25

#### 6. *Compensated Absences.*

It is the township's policy to permit employees to accumulate earned but unused vacation pay benefits. If material, all vacation pay is accrued in the government-wide financial statements. A liability for these amounts is reported in governmental funds only for employee terminations at year end.

#### 7. *Long-Term Obligations.*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

#### 8. *Fund Equity.*

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

### **E. Property Taxes**

Property taxes are levied on each December 1 (lien date and due date) on the taxable valuation of property as of the preceding December 31. Real and personal property taxes are collected without additional charge through February 14. The township continues to collect taxes until March 1, at which time the delinquent real property taxes are returned to the county for collection. Taxes returned to the county treasurer are subject to penalty and interest. The county's policy has been to pay the township for all delinquent real property taxes returned. The township continues to collect delinquent personal property taxes.

The township's 2007 ad valorem tax is levied and collectible on December 1, 2007 and it is the township's policy to recognize revenue from this levy in the year ended March 31, 2008, when proceeds of this levy are budgeted and made available for the financing of operations.

The 2007 taxable valuation of the township totaled \$198,297,017, on which taxes levied consisted of .90470 mills for general operating purposes and 1.57530 mills for fire operating purposes. This resulted in \$179,384 for general operating purposes and \$312,347 for fire operating purposes.

The above amounts are recognized in the General Fund and Fire Operating Fund as tax revenue.

#### **F. Use of Estimates**

The preparation of financial statements in conformity with accounting principle generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

### **NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

#### **A. Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds.

Before March 31, the proposed budget is presented to the Township Board for review. The Board holds public hearings and a final budget must be prepared and adopted no later than March 31. Appropriated budgets are amended from time to time throughout the course of the year by supplementary resolutions approved by the Board of Trustees. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered spent once the goods are delivered or the services rendered.

For the General Fund and FEMA Mitigation Grants Fund the appropriated budget is prepared by function and activity. The legal level of budgetary control adopted by the governing body for the General Fund and FEMA Mitigation Grants Fund is the activity level. Expenditures at this level in excess of amounts budgeted are a violation of Michigan law. For the Fire Operating Fund the appropriated budget is prepared on a line item basis. The legal level of budgetary control adopted by the governing body for the Fire Operating Fund is the line item level. Expenditures at this level in excess of amounts budgeted are a violation of Michigan law. A comparison of actual results of operations as compared to budget for the General Fund, FEMA Mitigation Grants Fund and Fire Operating Fund is included in the required supplemental information.

#### **B. State Construction Code Act**

The township oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The township charges fees for these services. Beginning January 1, 2000, the law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs.

The township accounts for the activity of its building inspection department within its General Fund. Following is a summary of the cumulative deficit and activity for the year ended March 31, 2008:

Surplus (deficit) - April 1, 2007		\$ (177,110)
Charges for services	\$ 47,624	
Building inspection expenditures	<u>69,744</u>	<u>(22,120)</u>
Surplus (deficit) - March 31, 2008		<u>\$ (199,230)</u>

### NOTE 3. DETAILED NOTES ON ALL FUNDS

#### A. Deposits and Investments

*Michigan Compiled Laws, Section 129.91*, authorizes the local governmental unit to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The governing body has designated several banks for the deposit of township funds. The investment policy adopted by the township in accordance with Public Act 196 of 1997 has authorized investment in all of the State statutory authority as listed above.

The township's deposits and investment policy are in accordance with statutory authority.

At year-end, the township's deposits and investments totaling \$965,177 were all reported in the Governmental Activities category.

The breakdown between deposits and investments is as follows:

Bank Deposits (checking and savings accounts, certificates of deposit)	\$ 948,618
Investments in bank governmental units investment pools	<u>16,559</u>
Total	<u>\$ 965,177</u>

#### *Deposits*

*Custodial Credit Risk - Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the township's deposits may not be returned. The township does not have a deposit policy for custodial credit risk. At year end the bank balance of the township's deposits was \$1,134,469 of which \$201,181 was covered by federal depository insurance and \$933,288 was exposed to custodial credit risk because it was uninsured and uncollateralized. The township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the township evaluates each financial institution with which it deposits township funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

#### *Investments*

*Interest rate risk.* Except as limited by state law as listed in the above list of authorized investments the township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit risk.* The township has no investment policy that limits its investment choices beyond those required by state law. At year end the township had \$16,559 in permissible bank investment pools that are not separately rated.

## B. Receivables

Receivables as of year-end for the township's individual major funds, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Fire Operating</u>	<u>FEMA Mitigation</u>	<u>Total</u>
Receivables:				
Accounts	\$ 33,913	\$ -	-	\$ 33,913
Special assessments	6,973	-	-	6,973
Intergovernmental	<u>76,105</u>	<u>21,925</u>	<u>-</u>	<u>97,543</u>
Gross receivables	116,991	21,925	-	138,429
Allowance for uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 116,991</u>	<u>\$ 21,925</u>	<u>\$ -</u>	<u>\$ 138,429</u>

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Federal grants	\$ -	\$ 19,913
Special assessments	<u>6,974</u>	<u>-</u>
	<u>\$ 6,974</u>	<u>\$ 19,913</u>

### C. Capital Assets

Capital asset activity of the township for the current year was as follows:

<b>Governmental Activities</b>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Capital Assets Not Being Depreciated</b>				
Land	<u>\$ 165,189</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 165,189</u>
<b>Capital Assets Being Depreciated</b>				
Building and improvements	445,321	3,080	-	448,401
Land improvements	403,018	-	-	403,018
Machinery and equipment	311,674	6,011	-	317,685
Office furniture and equipment	62,547	-	-	62,547
Vehicles	<u>599,718</u>	<u>243,689</u>	<u>(107,875)</u>	<u>735,532</u>
Subtotal	<u>1,822,278</u>	<u>252,780</u>	<u>(107,875)</u>	<u>1,967,183</u>
<b>Less Accumulated Depreciation for</b>				
Buildings and improvements	(191,407)	(14,631)	-	(206,038)
Land Improvements	(50,265)	(13,875)	-	(64,140)
Machinery and equipment	(140,196)	(25,867)	-	(166,063)
Office furniture and equipment	(47,552)	(5,095)	-	(52,647)
Vehicles	<u>(259,759)</u>	<u>(27,758)</u>	<u>76,232</u>	<u>(211,285)</u>
Subtotal	<u>(689,179)</u>	<u>(87,226)</u>	<u>76,232</u>	<u>(700,173)</u>
<b>Net Capital Assets Being Depreciated</b>	<u>1,133,099</u>	<u>165,554</u>	<u>(31,643)</u>	<u>1,267,010</u>
<b>Governmental Activities Total</b>				
Capital Assets - Net of Depreciation	<u>\$ 1,298,288</u>	<u>\$ 165,554</u>	<u>\$ (31,643)</u>	<u>\$ 1,432,199</u>

Depreciation expense was charged to programs of the township as follows:

<b>Governmental Activities</b>	
General government	\$ 13,705
Public safety	58,526
Public works	2,000
Recreation and culture	<u>12,995</u>
<b>Total Governmental Activities</b>	<u>\$ 87,226</u>

*Construction Commitments*-The Township had no significant construction commitments as of March 31, 2008.



#### D. Interfund Receivables, Payables and Transfers

At March 31, 2008, there were no interfund balances. There were no interfund transfers during the year ended March 31, 2008.

#### E. Long-Term Debt

The township has entered into agreements with Grand Haven Charter Township to pay for the construction of portions of water systems serving residents of Robinson Township. All Robinson Township residents accessing the system are billed by and are customers of the Grand Haven Township water system.

The agreements also require Grand Haven Charter Township to reimburse Robinson Township for the debt service portion of water rate charges paid by Robinson Township residents to Grand Haven Charter Township. Such reimbursements received by Robinson Township amounted to \$7,347 in the year ended March 31, 2008.

Contractual obligation activity under these agreements for the township can be summarized as follows:

	<u>Original Issue</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>						
Contractual Obligations due						
Grand Haven Charter Township:						
1989 Contract - 144th Main, interest rate of 8%, due 7-1-2009	\$ 44,961	\$ 11,801	\$ -	\$ (3,635)	\$ 8,166	\$ 3,926
1989 Contract - Transmission system, interest rate of 5%, due 7-1-2018	11,600	6,790	-	(427)	6,363	448
1989 Contract - Treatment Plant allocation, interest rate of 7.07%, due 7-1-2010	37,661	11,818	-	(2,659)	9,159	2,847
1998 Contract amendment - 144th Main, interest at 6%, due 7-1-2009	129,681	42,973	-	(14,006)	28,967	14,846
Total Governmental Activities		<u>\$ 73,382</u>	<u>\$ -</u>	<u>\$ (20,727)</u>	<u>\$ 52,655</u>	<u>\$ 22,067</u>

Annual debt service requirements to maturity for the above obligations are as follows:

<u>Year Ended March 31</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2009	\$ 22,067	\$ 3,357
2010	21,880	1,928
2011	3,757	503
2012	518	247
2013	544	222
2014-2018	3,159	671
2019	730	37
Total	<u>\$ 52,655</u>	<u>\$ 6,965</u>

#### F. Restricted Assets

The township has no restricted assets at March 31, 2008.

#### **NOTE 4. OTHER INFORMATION**

##### **A. Risk Management**

The township is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The township has purchased full multi-peril insurance and workers compensation coverage. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

##### **B. Contingent Liabilities**

In the normal course of its activities, the township has become party to various legal actions. The proceedings have not yet progressed to the point where an opinion can be reached as to the ultimate liability, if any, to the township. No liability has been provided for any of these matters in the March 31, 2008 financial statements.

##### **C. Defined Contribution Pension Plan**

The Township provides pension benefits to all employees meeting eligibility requirements. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. For non-elected eligible employees, the township contributes 8% of eligible earnings and plan participants are also required to contribute 8% of eligible earnings, as defined by the plan document. The township contributes 20% of eligible earnings for the elected trustees. The township contributed \$21,175 for the year ended March 31, 2008. Plan provisions and contribution requirements are established and may be amended by the Township Board.

## Required Supplementary Information

Robinson Township, Michigan  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISION SCHEDULE - GENERAL FUND  
Year Ended March 31, 2008

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget
Revenues:				
Taxes	\$ 215,000	\$ 215,000	\$ 233,363	\$ 18,363
Licenses and permits	91,678	91,678	111,150	19,472
Federal grants	-	-	43,069	43,069
State shared revenues	384,000	384,000	391,650	7,650
Charges for services	8,300	8,300	11,277	2,977
Interest	12,230	12,230	21,115	8,885
Special assessments	2,900	2,900	4,199	1,299
Other	24,400	24,400	42,524	18,124
Total Revenues	<u>738,508</u>	<u>738,508</u>	<u>858,347</u>	<u>119,839</u>
Expenditures:				
Current:				
General Government:				
Township Board	77,000	101,450	77,057	24,393
Supervisor	15,000	15,000	15,375	(375)
Elections	20,000	16,500	11,308	5,192
Assessor	43,000	43,000	42,559	441
Clerk	28,900	27,356	23,695	3,661
Board of Review	825	825	601	224
Treasurer	33,500	33,500	33,326	174
Township hall	116,000	116,000	118,968	(2,968)
Cemetery	12,000	13,050	12,285	765
Census	-	200	26	174
Total General Government	<u>346,225</u>	<u>366,881</u>	<u>335,200</u>	<u>31,681</u>
Public Safety:				
Sheriff	9,500	10,050	10,027	23
Liquor law enforcement	900	900	825	75
Fire department	12,000	12,000	11,111	889
Building inspection	95,000	80,000	69,744	10,256
Civil defense	500	-	-	-
Total Public Safety	<u>117,900</u>	<u>102,950</u>	<u>91,707</u>	<u>11,243</u>
Public Works:				
Public works-other	25,000	23,000	21,869	1,131
Flood services	20,000	15,500	42,609	(27,109)
Drains	3,000	3,000	813	2,187
Roads	61,600	61,600	61,600	-
Refuse collection/disposal	10,000	6,000	5,927	73
Water system	27,000	33,500	32,185	1,315
Total Public Works	<u>146,600</u>	<u>142,600</u>	<u>165,003</u>	<u>(22,403)</u>

Robinson Township, Michigan  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISION SCHEDULE - GENERAL FUND  
Year Ended March 31, 2008

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget
Community and Economic Development:				
Planning Commission	15,000	16,544	17,558	(1,014)
Zoning	33,600	33,600	33,996	(396)
Zoning Board of Appeals	4,500	1,000	607	393
Total Community and Economic Development	53,100	51,144	52,161	(1,017)
Recreation and Culture:				
Township park	27,000	26,500	27,212	(712)
Recreation program	12,000	11,000	10,902	98
Total Recreation and Culture	39,000	37,500	38,114	(614)
Other:				
Retirement contribution	35,000	30,000	27,111	2,889
Payroll taxes	7,000	7,000	5,690	1,310
Total other	42,000	37,000	32,801	4,199
Total Expenditures	744,825	738,075	714,986	23,089
Net Change in Fund Balances	(6,317)	433	143,361	142,928
Fund Balances - April 1	491,063	491,063	491,063	-
Fund Balances - March 31	<u>\$ 484,746</u>	<u>\$ 491,496</u>	<u>\$ 634,424</u>	<u>\$ 142,928</u>

Robinson Township, Michigan  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE - FIRE OPERATING FUND  
Year Ended March 31, 2008

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget
Revenues:				
Taxes	\$ 290,000	\$ 290,000	\$ 312,786	\$ 22,786
Federal grants	-	-	13,585	13,585
Interest	6,000	6,000	12,762	6,762
Other	-	-	485	485
Total Revenues	<u>296,000</u>	<u>296,000</u>	<u>339,618</u>	<u>43,618</u>
Expenditures:				
Current:				
Public Safety:				
Salaries training	48,000	48,000	48,362	(362)
Fire fighter pension	20,000	20,000	-	20,000
Office supplies	2,000	2,000	2,104	(104)
Association dues	2,000	2,000	1,269	731
Medical supplies	1,500	1,500	905	595
Phone/pagers	10,000	10,000	8,310	1,690
Fuel	5,000	5,000	7,636	(2,636)
Insurance	35,000	35,000	37,550	(2,550)
Utilities	8,000	8,000	6,565	1,435
Maintenance/repairs	25,000	25,000	18,742	6,258
Maintenance/building and grounds	7,000	7,000	3,632	3,368
Maintenance/apparatus	15,000	15,000	9,359	5,641
Maintenance/radio	15,000	15,000	8,083	6,917
Compressor/air repair	5,000	5,000	1,569	3,431
Fire prevention	4,000	4,000	1,106	2,894
Hydrant rental	1,000	1,000	6,950	(5,950)
Miscellaneous	5,000	5,000	22,807	(17,807)
Training school/inspection	4,000	4,000	4,168	(168)
Capital outlay	<u>317,135</u>	<u>317,135</u>	<u>267,571</u>	<u>49,564</u>
Total expenditures	<u>529,635</u>	<u>529,635</u>	<u>456,688</u>	<u>72,947</u>
Excess of Revenues				
Over (Under) Expenditures	(233,635)	(233,635)	(117,070)	116,565
Other Financing Sources:				
Sale of capital assets	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>20,000</u>
Net Change in Fund Balances	(233,635)	(233,635)	(97,070)	136,565
Fund Balances - April 1	<u>542,610</u>	<u>542,610</u>	<u>542,610</u>	<u>-</u>
Fund Balances - March 31	<u>\$ 308,975</u>	<u>\$ 308,975</u>	<u>\$ 445,540</u>	<u>\$ 136,565</u>

Robinson Township, Michigan  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE - FEMA MITIGATION GRANTS FUND  
Year Ended March 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u>
				<u>Budget</u>
Revenues:				
Federal grants	\$ 3,876,000	\$ 3,876,000	\$ 568,372	\$ (3,307,628)
Expenditures:				
Current:				
Public Safety:				
Property acquisition	<u>3,876,000</u>	<u>3,876,000</u>	<u>568,372</u>	<u>3,307,628</u>
Net Change in Fund Balances	-	-	-	-
Fund Balances - April 1	<u>1</u>	<u>1</u>	<u>1</u>	<u>-</u>
Fund Balances - March 31	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -</u>

**ROBINSON TOWNSHIP, MICHIGAN**

**SINGLE AUDIT**

**YEAR ENDED MARCH 31, 2008**

**KIEKOVER, SCHOLMA & SHUMAKER, PC**  
**Certified Public Accountants**  
**Zeeland, Michigan**



**Robinson Township, Michigan**  
**SINGLE AUDIT**  
**Year Ended March 31, 2008**

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

August 25, 2008

Township Board  
Robinson Township, Michigan

We have audited the financial statements of the governmental activities and each major fund of Robinson Township, Michigan as of and for the year ended March 31, 2008, which collectively comprise Robinson Township, Michigan's basic financial statements and have issued our report thereon dated August 25, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Robinson Township, Michigan's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies (2008-1, 2008-2 and 2008-3) described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Robinson Township, Michigan's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies, and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, the significant deficiency described above as 2008-1, 2008-2 and 2008-3 we consider to be material weaknesses.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Robinson Township, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Robinson Township, Michigan's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Robinson Township, Michigan's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Township Board, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Kiekover, Scholma & Shumaker, PC*

Certified Public Accountants



**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133**

August 25, 2008

Township Board  
Robinson Township, Michigan

**Compliance**

We have audited the compliance of Robinson Township, Michigan with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended March 31, 2008. Robinson Township, Michigan's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Robinson Township, Michigan's management. Our responsibility is to express an opinion on Robinson Township, Michigan's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Robinson Township, Michigan's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Robinson Township, Michigan's compliance with those requirements.

In our opinion, Robinson Township, Michigan complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended March 31, 2008.

**Internal Control Over Compliance**

The management of Robinson Township, Michigan is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Robinson Township, Michigan's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Robinson Township, Michigan's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

#### **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the governmental activities and each major fund of Robinson Township, Michigan, as of and for the year ended March 31, 2008, and have issued our report thereon dated August 25, 2008. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Robinson Township, Michigan's basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements of Robinson Township, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Township Board, management, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Kiekover, Scholma & Shumaker, PC*  
Certified Public Accountants

**Robinson Township, Michigan**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended March 31, 2008**

<u>Federal Agency/Pass-Through Program Title</u>	<u>CFDA Number</u>	<u>Pass-Through Entity Identifying/ Grant Number</u>	<u>Award Amount</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Homeland Security</b>				
Passed through the Michigan Department of State Police:				
Pre-Disaster Mitigation - Competitive Grant				
Robinson Township PDM Property Acquisition Project #1	97.017	PDMC-PJ-05-MI-2005-001	\$2,418,698	\$ 369,508
Robinson Township PDM Property Acquisition Project #2	97.017	PDMC-PJ-05-MI-2005-011	2,251,962	<u>230,838</u>
Total Pre-Disaster Mitigation - Competitive Grant				600,346
Assistance to Firefighters Grant	97.044	EMW-2006-FG-15723	13,585	<u>13,585</u>
<b>Total U.S. Department of Homeland Security</b>				<u><b>613,931</b></u>
<b>Total Expenditures of Federal Awards</b>				<u><b>\$ 613,931</b></u>

**BASIS OF PRESENTATION**

The Schedule of Expenditures of Federal Awards utilizes the same basis of accounting as the fund-basis financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*.

Robinson Township, Michigan  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
Year Ended March 31, 2008

**A - SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

Type of auditor's report issued

*Unqualified on financial statements*

Internal controls over financial reporting:

Material weakness(es) identified?

  X   yes            no

Significant deficiency(ies) identified not  
considered to be material weaknesses?

           yes   X   none reported

Noncompliance material to financial statements noted?

           yes   X   no

**Federal Awards**

Internal controls over major programs:

Material weakness(es) identified?

           yes   X   no

Significant deficiency(ies) identified not  
considered to be material weaknesses?

           yes   X   none reported

Type of auditor's report issued on compliance  
for major programs:

*Unqualified*

Any audit findings disclosed that are required to be  
reported in accordance with Circular A-133,  
Section 510(a)?

           yes   X   no

**Identification of Major Programs**

**CFDA Number(s)**

**Name of Federal Program**

97.017

Pre-Disaster Mitigation - Competitive Grant

Dollar threshold used to distinguish  
between Type A and Type B programs:

  \$ 300,000  

Auditee qualified as low-risk auditee?

           yes   X   no

**Robinson Township, Michigan**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended March 31, 2008**

**B. Financial Statement Findings**

**2008-1** Considered a material weakness

*Condition:* Currently the Township requests assistance from its external auditors with the preparation of its annual financial statements and related footnotes.

*Criteria:* Statement on Auditing Standards #112 (*Communicating Internal Control Related Matters Identified in an Audit*), issued in May 2006, requires us to communicate in writing when a client requires assistance to prepare the financial statements and related footnotes required in the annual financial statements in accordance with U.S. generally accepted accounting principles.

*Cause and Effect:* Management of the Township does understand the information included in the annual financial statements. However, assistance of the external auditor was utilized in preparing the financial statements and related footnotes. Utilization of its external auditor in preparing the financial statements and related footnotes assists management with the external financial reporting responsibility, to ensure the Township's financial statements are accurate.

*Recommendation:* We recommend no changes to this situation, and communicate this information as required by professional standards. The current process meets the definition of a material weakness as defined in Statement of Auditing Standards #112.

*Management Response:* The Township is aware of this deficiency and concurs with the recommendation. The Township will continue to utilize the external auditor to assist in the preparation of the annual financial statements and related footnotes. The Township believes it is not cost beneficial to prepare its annual financial statements and related footnotes without auditor assistance and that this assistance provides for the preparation of accurate and complete annual financial statements and related footnotes.

**2008-2** Considered a material weakness

*Condition:* The Township requests assistance from its external auditors with the identification of capital assets acquired during the year and the preparation of capital asset depreciation schedules.

*Criteria:* Controls should be in place to provide reasonable assurance that all capital assets are identified and capital asset depreciation schedules are prepared.

*Cause and Effect:* Failure to establish the proper controls and procedures results in misstatements of capital assets balances at the government-wide statement level.

*Recommendation:* We recommend the Township develop procedure to ensure all capital assets transactions are properly identified.

*Management Response:* The Township is in agreement with the above recommendation and will attempt to implement procedures to properly identify all capital assets activity. The Township believes it is more efficient and effective to continue to rely on the external auditors for the preparation of capital asset depreciation schedule subject to the Township's review and approval.



**Robinson Township, Michigan**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended March 31, 2008**

**2008-3** Considered a material weakness

*Condition:* The Township's auditors proposed and the Township accepted audit adjustments to 1) record receivables for cable franchise fees revenue, 2) health insurance reimbursements received, and 3) reclassify certain grant related revenues and expenditures into the appropriate fund and fiscal year.

*Criteria:* Internal controls should be in place to provide reasonable assurance that all receivables for cable franchise fees are identified and recorded, health insurance reimbursements are posted to the appropriate accounts, and all grant related revenues and expenditures are recorded in the appropriate fund and fiscal year.

*Cause and Effect:* Failure to establish the proper controls and procedures resulted in an understatement of the receivables for cable franchise fees, an understatement of revenue from health insurance reimbursements, and an overstatement of fiscal year revenue from certain grants.

*Recommendation:* We recommend the Township develop procedures to ensure all receivables are identified and recorded, health insurance reimbursements are posted to the appropriate accounts, and grant revenues are analyzed and recorded as revenue in the appropriate fiscal year.

*Management Response:* The Township is in agreement with the above recommendations and will attempt to implement procedures to affect the above recommendation. However, because of the limitations on Township staff and resources, it may be necessary and more efficient and effective to continue to rely on auditor assistance in making the necessary accounting entries to accomplish the above.

**C. Federal Award Findings and Questioned Costs**

None

**D. Status of Prior Year Findings and Questioned Costs**

None



August 25, 2008

Township Board  
Robinson Township, Michigan

In planning and performing our audit of the financial statements of the governmental activities and each major fund of Robinson Township as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered Robinson Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

### ***Our Responsibilities***

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies and other deficiencies that we consider to be material weaknesses.

### ***Definitions Related to Internal Control Deficiencies***

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Township's financial statements that is more than inconsequential will not be prevented or detected by the Township's internal control. A material weakness is a control deficiency, or combination of control deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township.

### ***Identified Deficiencies in Internal Control***

**We believe the following deficiencies constitute material weaknesses.**

- 1. Preparation of Financial Statements in Accordance with Generally Accepted Accounting Principles (GAAP)** - As is the case with many smaller and medium-sized governmental units, the Township relies on its independent external auditors to assist in the preparation of the annual financial statements and related footnote disclosures. While the Township generally understands all the information included in the annual financial statements, the Township's ability to prepare financial statements in accordance with generally accepted accounting principles (GAAP) is based, in part, on its reliance on its external auditors, who by definition cannot be considered a part of the Township's internal controls. As a result the Township lacks internal controls over the preparation of annual financial statements in accordance with GAAP. We recommend no changes to this situation at this time as the Township has determined it is more cost effective to continue to outsource this task to its external auditors than to incur the time and expense of obtaining the necessary training and expertise required for the Township to perform this task internally.
- 2. Fixed Asset Accounting** - The Township lacks controls and procedures to identify property and equipment acquired during the year that is subject to capitalization in accordance with the Township's fixed asset capitalization policy. It is necessary for the auditor to propose adjustments to properly reflect this activity.
- 3. Auditor Adjustments** - During the course of the 2008 audit adjustments were proposed by the auditor to properly record amounts for cable franchise fees receivable, health insurance reimbursements received, and FEMA Mitigation Grant revenues and expenditures.

This communication is intended solely for the information and use of management, the Board of Trustees, and others in the organization, and is not intended to be and should not be used by anyone other than these specified parties.

*Kiekover, Scholma & Shumaker, PC*